

KENTUCKY DEPARTMENT OF INSURANCE

Surplus Lines Affidavit Filing Procedures

These instructions accompany and apply to the Affidavit for Surplus Lines Insurance Transactions, which must be submitted for each surplus lines transaction pursuant to KRS 304.10-050 and 806 KAR 10:050.

Section 1 – General Information

Completed affidavits are to be filed with the Kentucky Department of Insurance within 60 days after insurance is effective, except where an alien insurer was used. In that case, the broker shall file such affidavit within 90 days.

Surplus Lines Affidavits may be filed electronically or by mail.

Electronic filing

- Copies of the policy documents shall not be submitted unless requested.
- eServices permits each affidavit to be completed on line. <https://doi.ppr.ky.gov/kentucky/secured/>
- Bulk affidavit information may be submitted via File Transfer Protocol (FTP) submission.
- Contact the DOI IS Help Desk with questions and requests for assistance with setting up an FTP process at KOIISHELPDESK@ky.gov

Mail (paper) filing

- KY S.L. Form 1 (Rev. 06/04) may be downloaded from http://doi.ppr.ky.gov/kentucky/Documents/PC/SL_affidavit_w_lobrevwoutlock.pdf
- Procedures for properly completing the Affidavit may be downloaded from http://doi.ppr.ky.gov/kentucky/Documents/PC/SL_AFF_INS_REV06082005.pdf
- The completed affidavit, accompanied by a copy of the declaration page, endorsement or audit statement, shall be mailed or delivered to DOI.
- The policy document shall detail premiums, assessments, fees, charges or other consideration deemed part of the premium, surplus lines tax, premium surcharge and local government premium tax. If the declaration page is not available to make a timely filing, a copy of the binder showing the above details shall be submitted.

Section 2 – Tax Computation

Surplus Lines Tax

The policy premium and any policy fees are to be totaled and then multiplied by 3 percent to arrive at the surplus lines tax. Policy fees include but are not limited to such fees as Inspection, Handling, Collection, Fully Earned Policy, or any other add-on fees. This information should be passed on to your Surplus Lines companies for their records. Only the 3 percent surplus lines tax should be forwarded to the Department of Insurance.

Local Government Premium Tax

The local government tax is due and payable to the local taxing authority.

State Surcharge

The 1.5 percent surcharge is due and payable to the Revenue Cabinet.

DO NOT remit the Surcharge or any Local Government Premium Tax payment to the Department of Insurance.

Section 3 – Broker Verification Section

Each surplus lines broker shall provide the name of the agency with which he or she is affiliated.

The Kentucky Department of Insurance stresses that pursuant to KRS 304.10-040, the broker is required to make a “**diligent effort**” to place the business with a insurer licensed to conduct business in the state of Kentucky. Records shall be maintained and shall be open for examination for 5 years. KRS 304.10-160.

The broker's signature and license number are required on each and every affidavit as is the Notary Public's signature, seal and commission expiration date.

NOTE: All information is required. Omission of any information will result in the affidavit being returned for correction. Continued omission of information and return of affidavits for correction could result in an audit of the broker's surplus lines book of business as permitted by KRS 304.10-160. The Commissioner may suspend or revoke any surplus lines broker's license if the broker fails to report transactions and remit tax as required.